

## Message Text

CONFIDENTIAL

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70/46

ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 SS-14 NSC-10 NSCE-00 CIAE-00

INR-09 INRE-00 DODE-00 RSR-01 RSC-01 EB-11 /086 W

----- 026797

R 260934 Z MAR 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2593

INFO AMEMBASSY BONN

AMEMBASSY MOSCOW

AMEMBASSY TAIPEI

AMCONSUL HONG KONG

C O N F I D E N T I A L TOKYO 3528

C O R R E C T E D C O P Y ( PARAS SHUD BE NUMBERED 2 THRU 6  
VICE 3 THRU 7)

E. O. 11652: GDS

TAGS: ENRG, JA, UR, US

SUBJ: PROGRESS ON TYUMEN OIL PROJECT

REF: TOKYO 2617

SUMMARY: POLITICAL OBSTACLES TO DETAILED NEGOTIATIONS HAVE BEEN REMOVED, AND SOVIETS AND JAPANESE ARE PREPARING TO MEET IN MOSCOW IN APRIL FOR FIRST CONCRETE NEGOTIATIONS ON TYUMEN PIPELINE PROJECT. FUNDAMENTAL DIFFERENCES BETWEEN TWO SIDES ON ISSUES SUCH AS PRICE AND QUALITY INDICATE NEGOTIATIONS WILL BE LENGTHY. U. S. FIRMS GULF AND EXXON HAVE BEEN ASKED TO PROVIDE WRITTEN ASSURANCES THAT THEY EACH WILLING TO FINANCE 10 PERCENT OF \$1 BILLION PROJECT. JAPANESE HAVE AGREED THAT THIS \$200 MILLION FINANCED BY U. S. COULD BE USED FOR PURCHASE OF U. S. EQUIPMENT. END SUMMARY.

1. TYUMEN OIL PROJECT IN LAST THREE WEEKS HAS CLEARED MAJOR OBSTACLE ON WAY TO REALIZATION. IN PAST, GOJ HAS INSISTED ON AGREEMENT BETWEEN JAPANESE FIRMS AND SOVIETS AS PRE-CONDITION FOR COMMITMENT TO EXTEND \$1 BILLION IN LOANS, WHILE SOVIETS HAVE INSISTED ON GOJ LOAN COMMITMENT PRIOR  
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TO NEGOTIATIONS ON AGREEMENT. BOTH SIDES HOWEVER, HAVE NOW COMPROMISED ON THESE OPPOSING POSITIONS. PM TANAKA'S MARCH 3 LETTER TO CPSU FIRST SECRETARY BREZHNEV ( REFTEL) ASSURED SOVIETS THAT JAPANESE WOULD EXTEND LOANS ON SIB FOR TRANSMISSION ( WITH THEIR OWN COMMENTS) TO COUNCILS FOR CONSIDERATION.

3. UK AND NETHERLANDS ONLY DELS ABLE ACCEPT DRAFT TERMS OF REFERENCE. OTHER DELEGATIONS QUESTIONED DESIRABILITY CONDUCTING STUDY ON VARIOUS PARTS TERMS OF REFERENCE AND ON WHETHER EXPERT GROUP PROPER FORUM FOR STUDY OF ALL ASPECTS TERMS OF REFERENCE. BELGIUM DEL INDICATED LESS THAN ENTHUSIASTIC ACCEPTANCE WEU PROPOSAL AND STATED THAT SEVERAL TRMS OF REFERENCE WERE TOO PRECISE AND TENDED TO PREEMPT RESULTS. NORWEGIAN, FRENCH, AND US DELS THOUGHT TERMS OF REFERENCE SHOULD BE NARROWED. CANADIAN DEL SKEPTICAL THAT COMMITTEE OF EXPERTS NEEDED AS TERMS OF REFERENCE SEEMED TO BE " GRABBAG" OF VARIOUS PERSONNEL ISSUES.

4. ALL DELEGATES EXCEPT UK, GERMANY AND US STATED THAT OECD PENSION STUDY SHOULD NOT BE DELAYED PENDING CCG CONSIDERATION OF WEU PROPOSAL.

5. NEXT MEETING CCG SCHEDULED APRIL 12 AND 13 WHEN DETAILED POINT- BY- POINT EXAMINATION TERMS OF REFERENCE BE MADE. UNLESS INSTRUCTED OTHERWISE, MISSION PROPOSES ASSOCIATE WITH EMERGING CONSENSUS AND, IF NECESSARY, SEEK INSTRUCTIONS. BROWN

UNCLASSIFIED

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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**Status:** <DBA CORRECTED> srp 980106  
**Subject:** PROGRESS ON TYUMEN OIL PROJECT  
**TAGS:** ENRG, JA, UR, US  
**To:** EA  
SECSTATE WASHDC INFO BONN  
HONG KONG  
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TAIPEI  
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